

From: William.Fischbein@epa.ohio.gov
To: [Barton, Kasey](#)
Subject: FW: Executed Statoil Compliance Agreement
Date: Monday, November 09, 2015 2:31:10 PM
Attachments: [Statoil Compliance Agreement Fully Executed.pdf](#)

[Here you go](#)

From: Vendel, Eric
Sent: Wednesday, November 04, 2015 4:49 PM
To: Fischbein, William
Cc: Williams, Michael
Subject: Executed Statoil Compliance Agreement
Bill - attached is the executed Statoil Compliance Agreement.

COMPLIANCE AGREEMENT

Statoil USA Onshore Properties, Inc. ("Statoil") and the Division of Oil and Gas Resources Management ("Division") (hereinafter collectively referred to as "the Parties") for purposes of this compliance agreement only, shall proceed as follows:

FACTS:

1. Statoil's corporate headquarters are located at 2103 City West Boulevard, Suite 800, Houston, Texas.

2. Pursuant to R.C. 1509.06, the Division issued to Statoil permits to drill the following eight (8) oil and gas wells on the Eisenbarth Pad, located in Ohio Township, Monroe County, Ohio:

- a. Eisenbarth 1-H Well, API #34-111-24421-00-00, issued on September 24, 2013, corrected on November 14, 2014 (correction made to drilling unit acreage);
- b. Eisenbarth 3-H Well, API #34-111-24300-00-00, issued on September 25, 2013;
- c. Eisenbarth 4-H Well, API #34-111-24418-00-00, issued on September 25, 2013;
- d. Eisenbarth U 4-H Well, API #34-111-24440-01-00, issued on September 25, 2013, corrected on November 14, 2014 (correction made to drilling unit acreage);

- e. Eisenbarth 5-H Well, API #34-111-24288-00-00, issued on September 25, 2013;
- f. Eisenbarth 6-H Well, API #34-111-24419-00-00, issued on September 25, 2013;
- g. Eisenbarth 7-H Well, API #34-111-24285-00-00, issued on September 25, 2013, corrected on December 9, 2013 (correction made to permit number);
and
- h. Michael 1-H Well, API #34-111-24420-00-00, issued on September 25, 2013.

3. On June 28, 2014, Statoil representatives notified the Division of a fire incident on the Eisenbarth Pad. This fire occurred during activities associated with completion operations at the Eisenbarth Pad.

4. During the course of this incident, fluids containing brine associated with the completions fluid and other substances associated with completion operations were released from the Eisenbarth Pad onto the land and surface waters near the pad location, including an unnamed tributary of Opossum Creek and Opossum Creek. Division employees conducted a site review of the Eisenbarth Pad and, along with Statoil's consultants, Ohio EPA, and U.S. EPA employees, collected samples of the fluids for laboratory analysis and completed field tests on those fluids. The field test results indicated the presence of brine associated with the completions fluid and other chemicals.

5. On June 29, 2014, the fire on the Eisenbarth Pad was extinguished, surface water runoff was effectively blocked as of July 2, 2014, by an earthen berm surrounding the well pad, and,

collection systems were installed to contain fluid from the outfalls associated with the Eisenbarth pad and slope.

6. Laboratory analysis of the samples collected confirmed that the fluids contained brine associated with the completions fluid.

7. Statoil implemented corrective measures and conducted monitoring and water sampling of the areas on and surrounding the Eisenbarth Pad.

8. On the drilling permit applications that Statoil submitted to the Division for the wells to be drilled on the Eisenbarth Pad that are listed in Paragraph 2 of this Compliance Agreement, Statoil agreed to, among other things: “conform with all provisions of Chapter 1509., ORC, and Chapter 1501., OAC, and all orders and conditions issued by the Chief, Division of Oil and Gas Resources Management.”

VIOLATIONS:

9. R.C. 1509.22(A)(2) states, in pertinent part, that “* * * no person shall place or cause to be placed in ground water or in or on the land or discharge or cause to be discharged in surface water brine * * * or other fluids associated with the exploration, development, well stimulation, production operations, or plugging of oil or gas resources that causes or could reasonably be anticipated to cause damage or injury to public health or safety or the environment.”

10. Statoil violated R.C. 1509.22(A)(2) by causing brine associated with the completions fluid and other fluids associated with the exploration or development of oil or gas resources to be placed upon the ground and surface waters near the Eisenbarth Pad in such quantities that damaged or could reasonably be anticipated to cause damage or injury to public health and the environment.

11. R.C. 1509.03(A) states, in pertinent part, that “[n]o person shall violate any rule of the chief” adopted under R.C. Chapter 1509.

12. Ohio Administrative Code 1501:9-1-07 requires “[a]ll persons engaged in any phase of operation of any well or wells shall conduct operation or operations in a manner which will not contaminate or pollute the surface of the land, or water on the surface or in the subsurface.”

13. Statoil violated Ohio Adm.Code 1501:9-1-07 by conducting operations in a manner that contaminated and polluted the surface of the land and surface waters near the Eisenbarth Pad with brine associated with the completions fluid and other fluids associated with the exploration or development of oil or gas.

CONDITIONS:

14. Statoil completed the approved Sampling and Analysis Plan submitted for the Eisenbarth Pad for the contamination issues that occurred in relation to the June 28, 2014 incident, which is made a part of and incorporated into this Compliance Agreement as “Attachment A,” including completion of the environmental investigation proposed in the Sampling and Analysis Plan. Pursuant to the Sampling and Analysis Plan, a report summarizing the environmental investigation was submitted to the Division with conclusions and recommendations for necessary remedial actions.

15. Statoil provided the Division with the results of ground water sampling that was conducted in March 2015 and June 2015, for the Division’s review. Based on these ground water sampling results, the Division does not require additional sampling or remedial actions.

16. Statoil shall remit fifty thousand dollars (\$50,000) total penalty for violations of R.C. Chapter 1509 and Ohio Adm. Code Chapter 1501:9, as listed above in Paragraphs 9 through 13

of this Compliance Agreement. The remittance shall be submitted no later than two weeks after this Compliance Agreement is signed by all the parties. Of the total penalty, Statoil shall remit twenty-five thousand (\$25,000) by certified check or cashier's check, payable to the order of Treasurer, State of Ohio, and delivered to Deputy Chief of the Division, Jon Rayfield, 2045 Morse Road, Building F, Columbus, Ohio 43229. The Deputy Chief shall deposit the remittance in the Oil and Gas Well Fund.

17. Not later than fourteen (14) days of being directed in writing by the Chief of the Division, Statoil shall remit the remaining twenty-five thousand dollars (\$25,000) to a recipient designated by the Chief of the Division to fund a supplemental project. The supplemental project will provide funding for equipment and training for first responders in Monroe County that will aid them in future emergency incidents in Monroe County.

18. If Statoil fails to remit the twenty-five thousand dollars (\$25,000) within the time specified in paragraph 17, Statoil immediately shall remit the remaining twenty-five thousand (\$25,000) to the Division in accordance with requirements established in paragraph 16.

19. During drilling and well completion operations on the Eisenbarth Pad, Statoil shall establish and maintain an emergency response plan that contains all of the following:

- a. A diagram of the Eisenbarth Pad showing approximate locations of the equipment, explosives storage, radiologicals storage, and chemical storage.
- b. A pre-determined release or discharge plan containing maps that identify containment areas and locations of resources that will be used in the event of a release from the Eisenbarth Pad to prevent materials from entering waters of the state. In addition, the plan shall describe the procedures and

actions that will be implemented to prevent releases of materials into waters of the state.

- c. Safety Data Sheets that are updated in accordance with the materials that are present at the Eisenbarth Pad.

20. The emergency response plan described in paragraph 19 shall be secured in a lock box that is located a minimum of five hundred (500) feet from all operations at the Eisenbarth Pad. In addition, the emergency response plan shall be made available to first responders and the Division.

21. Statoil shall obtain and maintain adequate fire suppression during drilling and completion operations at the Eisenbarth Pad. "Adequate fire suppression" means appropriate quantities of foam, water, and other fire extinguishment methods to minimize the impact of a fire occurring at the Eisenbarth Pad. The fire suppression resources described in this paragraph shall be staged and made available quickly for use by first responders.

22. Statoil shall equip and maintain during drilling and completions operations water storage with appropriate valves, threads, piping, and similar equipment and connections for first responders to connect and obtain water from the tanks and areas.

23. Statoil further acknowledges its ongoing obligation to conduct all production operations in the State of Ohio in compliance with all requirements of R.C. Chapter 1509 and Ohio Adm.Code Chapter 1501:9.

24. If the Chief determines that Statoil failed to comply with the conditions set forth in this Compliance Agreement, the Chief may suspend all or part of Statoil's drilling and production operations in the State of Ohio for a period determined by the Chief.

DEFINITIONS:

25. All definitions from R.C. Chapter 1509 and Ohio Adm.Code 1501:9 are hereby incorporated into this Compliance Agreement.

PRESERVATION OF RIGHTS:

26. Except as to the terms of this Compliance Agreement, nothing in this Compliance Agreement shall be construed so as to prejudice the right of the Division to issue orders or to take additional enforcement actions to enforce the provisions of R.C. Chapter 1509 and Ohio Adm.Code 1501:9, including civil and/or criminal action or, to prejudice Statoil's right to appeal or otherwise challenge such actions.

27. Nothing in this Compliance Agreement shall be construed to contradict the oil and gas laws of the State of Ohio, contained in R.C. Chapter 1509 and Ohio Adm.Code 1501:9.

28. The remittance required under this Compliance Agreement shall not be construed as a civil penalty and the Division reserves the right to seek civil penalties if a breach of this Compliance Agreement occurs.

29. The Division reserves all rights to enforce R.C. Chapter 1509 and Ohio Adm.Code 1501:9, including but not limited to the right to file a civil enforcement action seeking injunctive relief and civil penalty for noncompliance with this Compliance Agreement.

30. Nothing in this Compliance Agreement shall be construed so as to prejudice the rights of any other Agency of the State of Ohio, including any other Division of the Department of Natural Resources or the Ohio Environmental Protection Agency, and shall not be construed as resolution of any pending claims or enforcement actions of any other Agencies or Divisions against Statoil, its agents, heirs, assigns, or successors-in-interests.

31. In the event of any default of the terms set forth in this Compliance Agreement, the Division may elect any and all remedies it deems appropriate. Further, in the event of default, Statoil, its heirs, assigns, and successors-in-interest agree that, in any litigation brought by the Division to enforce this Compliance Agreement:

- a. Venue shall be proper in the Franklin County, Ohio Court of Common Pleas; and
- b. Service of process and summons thereof are hereby waived provided the Division provides actual notice to Statoil.

MODIFICATION

32. This Compliance Agreement may be modified by agreement of the Parties. Any modification to this Compliance Agreement must be in writing and signed by all Parties.

TERMINATION:

33. Statoil's obligations under this Compliance Agreement shall terminate when Statoil certifies in writing, and demonstrates to the satisfaction of the Chief of the Division, that Statoil has finished all drilling and completions operations at the Eisenbarth Pad, has performed all of its obligations under this Compliance Agreement, and the Chief acknowledges, in writing, the termination of this Compliance Agreement. If the Chief does not agree that all obligations have been performed, the Chief will notify Statoil of the obligations that have not been performed, in which case Statoil will have an opportunity to address any such deficiencies and seek termination in accordance with this paragraph.

34. The certification required in Paragraph 33 shall contain the following attestation: "I certify that the information contained in or accompanying this certification is true, accurate, and complete." The certification shall be submitted by Statoil to the Division and shall be signed by a responsible official of Statoil with authority to bind Statoil. For purpose of this Compliance Agreement, a responsible official is a corporate officer who is in charge of a principal business function of Statoil.

OTHER CLAIMS:

35. Nothing in this Compliance Agreement shall constitute or be construed as a release from any claim, cause of action, or demand in law or equity against any person, firm, partnership, or corporation, not a party to this Compliance Agreement, for any liability arising from, or related to, the well sites listed in Paragraph 2 of this Compliance Agreement.

NO ADMISSION OF FACT, VIOLATION, OR LIABILITY:

36. Statoil does not admit or agree to the facts alleged herein, nor any violations or liability allegedly arising from such factual allegations. Solely to resolve disputed claims, Statoil consents to the issuance of this Compliance Agreement and agrees to comply with this Compliance Agreement. Except for the right to seek corrective action at the Statoil Pad listed in Paragraph 2 of this Compliance Agreement, which right the Division does not waive, compliance with this Compliance Agreement shall be a full accord and satisfaction for Statoil's liability to the Division for the violations specifically cited in this Compliance Agreement.

WAIVER:

37. Statoil hereby waives the right to appeal the issuance and the terms and conditions of this Compliance Agreement, and any and all rights Statoil may have to seek administrative or judicial review of this Compliance Agreement in law or equity.

IN WITNESS WHEREFORE, The parties hereby acknowledge that they have read and understood the terms and conditions of this Compliance Agreement and with full awareness of the legal consequences, make a voluntary, knowing, and intelligent commitment, and intend to be fully bound thereby.

AGREED:

 *CHIEF LEGAL COUNSEL*

10/16/15

Name of Statoil Rep, Title
Statoil USA Onshore Properties, Inc.
2103 City West Boulevard, Suite 800
Houston, Texas 77042
With authority to bind Statoil

Date



10/20/15

Richard J. Simmers
Chief
Division of Oil & Gas Resources Mgmt.
2045 Morse Road, F-3
Columbus, OH 43229

Date